

Message Text

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PAGE 01 MANILA 20212 01 OF 02 231052Z

ACTION EA-12

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L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

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XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 STR-05 CEA-01

HA-05 AGRE-00 DOE-12 SOE-01 /110 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9628

C O N F I D E N T I A L SECTION 1 OF 2 MANILA 20212

E. O. 11652: GDS

TAGS: EGEN, SHUM, RP

SUBJECT: COUNTRY EVALUATION PLAN: ECONOMIC HUMAN RIGHTS

REF: MANILA A-147, JUNE 8, 1977

1. SUMMARY AND INTRODUCTION. IN PREPARING THE HUMAN RIGHTS COUNTRY EVALUATION PLAN FOR THE PHILIPPINES FOR SUBMISSION TO THE CONGRESS NEXT MONTH, I HOPE THAT THE DEPARTMENT WILL GIVE APPROPRIATE EMPHASIS TO THE ADVANCES MADE BY THE GOP IN THE SECOND CATEGORY OF HUMAN RIGHTS AS DEFINED BY SECRETARY VANCE--I.E., THE RIGHT TO THE FUL-FILLMENT OF SUCH VITAL NEEDS AS FOOD, SHELTER, HEALTH CARE AND EDUCATION. I APPRECIATE THA THE GOP'S PERFORMANCE IN THIS REGARD IS NOT WITHOUT FAULT (SEE REF AIRGRAM). WE REMAIN CONCERNED, INTER ALIA, OVER QUESTIONABLE POLICIES ON THE ALLOCATION OF NATIONAL RESOURCES, MOST RECENTLY EXEMPLIFIED BY THE NOW ABORTED GOP EFFORT TO HOST THE 33RD UNGA. NONETHELESS, THERE ARE SUCCESS STORIES IN AGRARIAN REFORM, FOOD PRODUCTION, RURAL INFRASTRUCTURE DEVELOPMENT, AND OTHER AREA. THESE ARE DETAILED BELOW. END SUMMARY AND INTRODUCTION.

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PAGE 02 MANILA 20212 01 OF 02 231052Z

2. AGRARIAN REFORM. ALTHOUGH IT IS FALLING SHORT OF ITS AMBITIOUS ORIGINAL TARGETS, THE GOP'S LAND REFORM PROGRAM HAS REGISTERED CONSIDERATBLE PROGRESS DURING THE PAST FIVE YEARS. THE PROGRAM BEGAN IN 1972 WITH THE ANNOUNCED INTENTION OF EMANCIPATING 1 MILLION TENANT RICE AND CORN FARMERS ON SOME 1.7 MILLION HECTARES OF LAND. THE TARGETS WERE SUBSEQUENTLY LOWERED TO 915,000 TENNANTS ON

1.4 MILLION HECTARES OF LAND, OF WHOM ABOUT 394,000 WILL BE GIVEN OWNERSHIP RIGHTS AND 521,000 LEASEHOLD CONTRACTS WHICH INCLUDE RENT CONTROL CLAUSES. AS OF SEPTEMBER 15, 1977, THE DEPARTMENT OF AGRARIAN REFORM (DAR) REPORTED THAT 247,862 RICE AND CORN TENANT FARMERS HAVE BEEN ISSUED CERTIFICATES OF LAND TRANSFER AND 252,828 SHARE TENANTS CONVERTED TO LEASEHOLD HAVE PERFECTED THEIR LEASEHOLD CONTRACTS INTO REGISTERED WRITTEN CONTRACTS. AS OF THE SAME DATE, DAR REPORTED THAT 2,133 LANDOWNERS WERE COMPENSATED BY THE LAND BANK OF THE PHILIPPINES (LBP) FOR A TOTAL AREA OF 78,650 HECTARES VALUED AT 554.6 MILLION PESOS INVOLVING 41,614 TENANTS. A TOTAL OF 785 FORMER TENANTS HAVE FULLY PAID THEIR AMORTIZATION PAYMENTS AND HAVE BEEN ISSUED EMANCIPATION PATENTS FOR 922 HECTARES.

BENEFICIARIES OF THE LAND TRANSFER PROGRAM MAKE ANNUAL AMORTIZATION PAYMENTS FOR FIFTEEN YEARS AFTER WHICH THEY BECOME OWNERS OF THE LAND. SINCE THESE PAYMENTS, WHICH ARE EQUIVALENT TO APPROXIMATELY 25 PERCENT OF THREE AVERAGE ANNUAL HARVESTS DIRECTLY PRIOR TO 1972, ARE A CAPITAL INVESTMENT FOR THE PURCHASE OF THE LAND, THERE IS NO LOSS OTHER THAN THE LOW 6 PERCENT INTEREST WHICH THE FARMER IS CHARGED FOR AMORTIZATION PAYMENTS. THE FARMER THUS RECEIVES FULL VALUE FOR HIS CROP HARVEST RATHER THAN THE USUAL 50 TO 70 PERCENT HE RECEIVED AS A SHARE OR LEASEHOLD TENANT. LEASEHOLD CONVERSION ALMOST INVARIABLY

CONFIDENTIAL

PAGE 03 MANILA 20212 01 OF 02 231052Z

INCREASES THE FARMER'S INCOME BY REDUCING RENTAL PAYMENTS FROM THE TRADITIONAL 50 PERCENT SHARE TO 25 PERCENT. EQUALLY IMPORTANT SINCE AMORTIZATION PAYMENTS AND LEASE RENTALS WILL BE FIXED IN AMOUNT, ANY INCREASE IN PRODUCTION WILL ACCRUE TO THE FARMER, WHETHER HE BE AMORTIZING OWNER UNDER P.D. 27 OR LESSEE UNDER THE AGRARIAN CODE. THIS IS IN CONTRAST TO HIS RIGHT TO ONLY A PARTIAL SHARE OF INCREASE UNDER SHARE TENANCY. WITH THE NEW CAPABILITY TO CAPTURE A LARGER ECONOMIC RETURN FROM HIS LABOR, THE FARMER MAY THEREBY FURTHER IMPROVE HIS INCOME POSITION.

AVAILABLE EVIDENCE INDICATES THAT AGRARIAN REFORM BENEFICIARIES HAVE EXPERIENCED A SIGNIFICANT INCREASE IN INCOMES BECAUSE OF HIGHER PRODUCTIVITY AND THE LOWER ANNUAL PAYMENTS FOR THE LAND. HOWEVER, THE HIGHER PRODUCTIVITY IS PROBABLY DUE MORE TO MODERN IMPROVEMENTS SUCH AS IRRIGATION AND THE USE OF HIGH YIELDING VARIETIES, AND TO THE GREATER AVAILABILITY OF CREDIT THAN IT IS TO THE LAND REFORM PROGRAM AS SUCH.

3. FOOD PRODUCTION. FOLLOWING DECLINES DUE TO BAD WEATHER AND FLOODING IN 1972 AND 1973, RICE PRODUCTION INCREASED

BY NEARLY 40 PERCENT FROM 1974 TO 1976 REACHING THE LEVEL OF SELF-SUFFICIENCY IN 1976. THE CONTINUED GOOD HARVESTS HAVE ENABLED THE PHILIPPINES TO BUILD UP DOMESTIC STOCKS, CURTAIL RICE IMPORTS, AND EXPORT SMALL AMOUNTS TO INDONESIA IN 1977.

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PAGE 01 MANILA 20212 02 OF 02 231123Z
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C O N F I D E N T I A L SECTION 2 OF 2 MANILA 20212

PALAY PRODUCTION

CROP YEAR

	1971	1972	1973	1974	1975	1976
PALAY	5,342.9	5,100.0	4,414.6	5,594.1	5,660.1	6,159.5

PRODUCTION
(IN 000 MT)

ANNUAL	2.1	-4.5	-13.4	26.7	1.2	8.8
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INCREASE
(PERCENT)

PERCENT INCREASE: 1972-76 - 20.8; 1973-76 - 39.5; 1971-76 - 15.3.

WHILE GOOD WEATHER PLAYED A MAJOR ROLE, THE RECENT INCREASES IN RICE PRODUCTION ARE ALSO IN LARGE PART ATTRIBUTABLE TO THE GOP'S INNOVATIVE MASAGANA 99 RICE PRODUCTION PROGRAM, WHICH WAS AIMED AT ACHIEVING SELF-SUFFICIENCY. THIS PROGRAM PROVIDED RICE FARMERS WITH LOW-COST CREDIT, TECHNICAL ASSISTANCE, AND OTHER FARM INPUTS AT SUBSIDIZED PRICES. IN ADDITION, THE PROMOTION OF HIGH YIELDING VARIETIES OF RICE WITH SHORTER GROWING SEASONS AND THE EXPANSION OF IRRIGATION HELPED TO INCREASE PRODUCTIVITY AND EXPANDED

CONFIDENTIAL

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PAGE 02 MANILA 20212 02 OF 02 231123Z

MULTIPLE CROPPING.

IN ADDITION TO RICE, OTHER FOOD PRODUCTION HAS ALSO EXPANDED APPRECIABLY IN RECENT YEARS. AVAILABLE DATA INDICATE AN 8 PERCENT INCREASE IN THE SUPPLY OF CALORIES PER CAPITA BETWEEN 1971 AND 1975 AND A 27 PERCENT INCREASE IN THE PER CAPITA SUPPLY OF PROTEINS. WHILE THE FIGURES SHOW FOOD PRODUCTION TO HAVE OUTSTRIPPED POPULATION GROWTH DURING THE 5-YEAR PERIOD, INADEQUATE AND FAULTY STORAGE AND DISTRIBUTION SYSTEMS HAVE RESULTED IN CONTINUED MALNUTRITION FOR A SIZEABLE NUMBER OF LOW-INCOME FAMILIES IN BOTH URBAN AND OUTLYING RURAL AREAS.

4. RURAL INFRASTRUCTURE. SIGNIFICANT GAINS HAVE BEEN MADE DURING THE PAST FIVE YEARS IN PROVIDING THE RURAL INFRASTRUCTURE NEED TO SUPPORT INCREASED AGRICULTURAL PRODUCTION AND TO IMPROVE THE QUALITY OF LIFE IN RURAL AREAS. IN 1972-77, THE TOTAL AREA UNDER IRRIGATION INCREASED BY 19 PERCENT, FROM 884,000 TO 1,050,000 HECTARES. THE PROPORTION OF THE POPULATION WITH HOUSEHOLD ELECTRIC SERVICE INCREASED FROM 23 PERCENT IN 1970 TO 35 PERCENT IN 1977. DURING THE PERIOD 1973-77, THE DENSITY OF FEEDER AND FARM-TO-MARKET ROADS INCREASED BY 80 PERCENT, FROM 0.34 KM. PER SQUARE KM. OF ARABLE AREA TO 0.61 KM.

5. PER CAPITA GNP. GOP DATA SHOW PER CAPITA GNP AS HAVING INCREASED FROM \$260 IN 1972 TO \$410 IN 1976.

6. INCOME DISTRIBUTION. BETWEEN 1971 AND 1975, THE REAL INCOMES OF THE POOREST 40 PERCENT INCREASED AT A HIGHER AVERAGE ANNUAL RATE THAN THE REST OF THE POPULATION ACCORDING TO GOP CENSUS DATA. CONSEQUENTLY, THE SHARE OF INCOME RECEIVED BY THE POOREST 40 PERCENT INCREASED FROM

CONFIDENTIAL

PAGE 03 MANILA 20212 02 OF 02 231123Z

12 PERCENT IN 1971 TO 15 PERCENT IN 1975, IN CONTRAST TO THE 1961-71 PERIOD WHEN THEIR SHARE REMAINED ESSENTIALLY CONSTANT. DURING 1971-75, THE SHARE OF THE NEXT 50 PERCENT DECLINED FROM 51.2 TO 46.5 PERCENT WHILE THAT OF THE TOP 10 PERCENT INCREASED FROM 37.1 TO 38.8 PERCENT.

THE RATIO OF THE AVERAGE RURAL INCOME TO THE AVERAGE URBAN INCOME ROSE FROM 48 PERCENT IN 1971 TO 57 PERCENT IN 1975. THIS INCREASE WAS PARTLY DUE TO AN IMPROVEMENT

IN AGRICULTURE'S TERMS OF TRADE (ESTIMATED AT 18 PERCENT)
DURING THE PERIOD 1970-76.

7. EMPLOYMENT. EMPLOYMENT INCREASED BY ABOUT 4.6 PERCENT ANNUALLY DURING 1972-76, AN IMPROVEMENT OVER THE HISTORICAL GROWTH RATE OF 2.4 PERCENT, AND KEPT PACE WITH THE RAPID GROWTH OF THE LABOR FORCE. EMPLOYMENT IN MANUFACTURING, WHICH HAD ESSENTIALLY STAGNATED DURING 1970-74, GREW BY 100,000 PERCONS A YEAR OR AT AN ANNUAL RATE OF 8 PERCENT DURING 1974-76. BECAUSE MANUFACTURING'S SHARE OF TOTAL EMPLOYMENT IS SMALL (11 PERCENT), AGRICULTURE AND SERVICES CONTINUED TO ACCOUNT FOR MOST OF THE GROWTH IN TOTAL EMPLOYMENT.

8. HEALTH. MODEST IMPROVEMENTS IN THE HEALTH STATUS OF THE POPULATION ARE REFLECTED IN INCREASES IN LIFE EXPECTANCIES AND DECLINES IN INFANT MORTALITY RATES BETWEEN 1970-76. LIFE EXPECTANCY AT BIRTH ADVANCED FROM 56 YEARS IN 1970 TO THE CURRENT 58 YEARS WHILE THE INFANT MORTALITY RATE WHICH WAS AT 80 DEATHS PER THOUSAND LIVE BIRTHS IN 1970 DECREASED TO 74 DEATHS PER THOUSAND LIVE BIRTHS IN 1976. THESE ADVANCES RESULTED MAINLY FROM IMPROVED INCOMES PARTICULARLY IN THE RURAL AREAS AND AN INCREASING DELIVERY OF HEALTH SERVICES BY THE GOVERNMENT. AT THE END OF 1975, THE GOP HAD ESTABLISHED 1,472 RURAL HEALTH UNITS DESIGNED TO PROVIDE BASIC HEALTH SERVICES IN THE RURAL AREAS. ADDITIONALLY, THERE WAS A SLIGHT IMPROVEMENT IN AVAILABLE
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PAGE 04 MANILA 20212 02 OF 02 231123Z

MEDICAL MANPOWER AS THE RATIO OF POPULATION TO DOCTOR DECLINED FROM 2,710 IN 1970 TO 2,680 IN 1973-75.
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